TIMEWORKS®

User's Manual

Swiftax™

For
IBM*
Apple*
Atari*
Commodore* 64 and 128
TRS 80*
Computers

Published by **Timeworks**, Inc.

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1
Introduction

The SWIFTAX income tax preparation program is designed for the first time computer user who is familiar *or* unfamiliar with the principles of income tax return preparation. The professionals who developed this program have gone to great lengths to make this system "user-friendly". SWIFTAX takes you through the tax preparation process in a step-by-step fashion, and this easy-to-read manual provides additional information, as well as handy references to the IRS "Instructions for Preparing Form 1040" and the IRS Publications.

WHO can benefit?

Anyone who files a tax return, for himself or for another person, with the Internal Revenue Service. This includes individuals who file Form 1040A or Form 1040EZ, as well as those who file the longer form (Form 1040).

WHAT does SWIFTAX do?

SWIFTAX guides you through the tax preparation process, providing instructions as you go to help you pay as little tax as possible. SWIFTAX performs all necessary calculations and automatically determines if you will save money by itemizing deductions, income averaging, etc. Once your return is complete, SWIFTAX uses your printer to print your tax information.

SWIFTAX will complete and print out the following forms and schedules:

Forms	Schedules
Form 1040	A and B
Form 1040A	C
Form Schedule 1	D
Form 1040EZ	G
Form 2441	SE
	W

WHEN is SWIFTAX needed?

SWIFTAX is designed to help you complete your U.S. Individual Income Tax Return, which is due on April 15 of each year. SWIFTAX can also help you at other times of the year by enabling you to estimate the amount of tax you will owe. This will assist you with your tax planning.

WHY is it needed?

By providing useful instructions and checking your various tax alternatives, SWIFTAX can help you pay less tax and discover deductions you might miss by yourself. Not only will SWIFTAX enable you to complete your return easily, but it will also teach you about the tax code as you proceed.

HOW do I use SWIFTAX?

This manual presents the information you need in a logical, easy-to-follow sequence. Read each section carefully, in the order it is presented, and follow the instructions closely.

A SYNOPSIS OF EACH SECTION FOLLOWS:

Glossary of Terms

This manual has been written with extreme care to avoid the use of so-called "computerese." However, there are some explanations in this manual that might be misunderstood, so we hope you don't mind learning the special meanings of a handful of words. Some of these words refer to computer uses, and some have special tax meanings. You will find them in Chapter 2, "Alphabetical Glossary of Terms".

Preliminary Instructions

This section contains general instructions for entering and modifying your data and for printing your information onto the tax forms.

Let's Get Started

Before you use SWIFTAX, you must create a Taxpayer File on your data disk. This section explains how to create your Taxpayer File and enter your personal information.

Choosing Your Tax Form

This section helps you select which form to file – Form 1040, Form 1040A, or Form 1040EZ.

Completing Form 1040EZ and Form 1040A

This section of the manual takes you through the process for completing each of these short forms.

Completing Form 1040

This section is divided into ten parts. The first section, "The Menu and Instructions", describes the general procedure for completing the long form. This program is too long to be loaded into the computer in one segment, so it has been broken into separate programming modules, one for each schedule of Form 1040. The remaining parts of this section take you through the information entry process for each module.

2 Alphabetical Glossary of Terms

AVERAGE: The mean of a given number of values, computed by adding those values and dividing the sum by the number of values.

BACKUP: A duplicate set of data to be used in case the original is lost, destroyed or accidentally altered.

BYTE: In computer language, the name given to eight bits of information. For our purposes, one byte = 1 character.

CHARACTER:

- Numeric: 0 through 9
- Alphabetic: A through Z
- Symbol: ! −#$%'*+/=? ( )
- Alphanumeric: Any combination of numerics, alphabetics, or symbols.

COMMAND: An instruction for the computer to follow.

CURSOR: The computer-generated square that pinpoints your position on the display.

DATA: The information you enter to be processed.

DATA DISK: The disk created to store your data base information.

DELETE: To remove from the FILE.

FIELD: A number of characters that represents one specific piece of data. Ex: Description.

FILE: One or more similar RECORDS grouped together.

FRICTION FEED: See Tractor Feed.

FUNCTION KEY: The special set of keys on your computer identified as F1, F2, F3, etc. To use even-numbered keys, press the SHIFT key and the odd-numbered function key.

INITIALIZATION: To create a Taxpayer File the first time.

MM/DD/YY: The calendar date, MONTH/DAY/YEAR. EX: 03/05/88 for March 5, 1988.

MODULE: Any of the individual sections of the SWIFTAX program. Because the program is too long to be loaded into the computer at once, it has been broken up into individual modules. Each of these modules must be loaded separately.

PASSWORD: Your own combination of alphanumerics which identifies you to the computer and prevents access to your information by others (a security feature).

PROGRAM DISK: The disk you purchased containing the SWIFTAX program.

PROMPT:	The line of words located on your screen that requests your response. Ex: YOUR WAGES?.
SUM:	The total of values added together.
TAXPAYER FILE:	The record of information stored on your data disk, such as name, address, income, and other specific tax information.
TRACTOR FEED:	A method of feeding paper through a computer printer.

- Moving Between Program Modules
- Entering and Modifying Information
- Understanding Tax Laws
- Modifying Stored Information
- Printing Your Tax Forms

3 Preliminary Instructions

Moving Between Program Modules

The SWIFTAX program is too long to load into your computer at once. Therefore, the program has been divided into individual program segments, or modules. Each module must be loaded separately before you begin to enter the information for that module.

As you complete each tax form, you will be given an option to return to the main menu or to continue on to the next schedule. You will be instructed to insert Side 1 or Side 2 of your SWIFTAX disk into the disk drive and press **C** to continue.

Entering and Modifying Information

SWIFTAX has been designed to help you enter your tax information as easily as possible. As you complete the various forms and schedules in this program, you will be prompted to enter various items, such as expenses and income. Each time you enter information, you will see your entry on the screen. When your entry is complete, press **RETURN**.

NOTE: Numerical entries are limited to 9 characters – 6 numbers to the left of the decimal, and 2 to the right (maximum value of $999999).

You will be given many opportunities to correct your information. You can complete, modify, or print any of the forms and schedules in SWIFTAX. As you complete each section of your return, you will be given several opportunities to modify your entries. If you make changes, all of the amounts will be recalculated and you can print your return. When you are satisfied with your entries, the information will be stored in your Taxpayer File automatically.

NOTE: To escape while entering or modifying data, press the ← key at the upper left corner of the Commodore keyboard. IBM users, press F10. If you press this key, the most recently entered data will not be stored on your disk.

Understanding Tax Laws

An important feature of the SWIFTAX program is its easy-to-understand explanations of the tax laws (as much as is possible, considering the nature of the subject). As you enter your information, instructions regarding which forms to file and which items need to be reported will appear above the prompts. Read all of these instructions carefully before entering your tax information. They will help you pay the least tax required.

Every effort has been made to provide answers to common questions regarding the tax laws. Throughout SWIFTAX, you will be referred to IRS publications for more details. If after reading these references you are still not sure which forms to file or what items to report, call your accountant or the IRS.

Modifying Stored Information

SWIFTAX's unique Taxpayer File feature enables you to go back to your stored tax information to make changes, additions, or deletions at a later date. The information you entered on your returns will be stored on your data disk. You can modify this information by using the "Modify an Existing Tax Form or Schedule" option for that particular return.

Tax information on the supporting schedules (Schedule 1 for Form 1040A, Form 2441, and the lettered schedules for Form 1040) is integrated into your return automatically. It is EXTREMELY IMPORTANT that you have all the information necessary to complete these schedules BEFORE you begin.

■ Printing Your Tax Forms

SWIFTAX will print your information directly onto the 1040 and 1040A tax forms, including schedules A, B, C, D, G, SE, and W, Form 2441, and Schedule 1 of 1040A. You may also print the information onto blank paper and then transfer it to the forms by hand. (SWIFTAX can only print Form 1040EZ information onto blank paper.) Be sure to have extra forms or schedules on hand if you choose to print directly onto the forms.

NOTE: Before you start printing, make sure that all of your equipment is properly connected and your printer is turned on. Use the procedure outlined below to print your first return.

Once you have entered all the information for a particular form or schedule, and you are satisfied with the results, you will be asked if you want to print that form. Press **Y** to print or **N** if you do not wish to print at this time. If you press **N**, a line-by-line summary will be displayed on the screen. If you press **Y**, SWIFTAX will print your name and social security number.

You will then be asked to press **P** to print or **S** to start over. Press **P** if the name and social security number are properly aligned, or press **S** to start over. If you press **P**, your form or schedule will be printed automatically.

You have three options for printing your return:

- Print your tax information on blank paper and transfer the information by hand.
- Sheet feed each tax form or schedule into a friction feed printer.
- Tape each form to tractor feed paper.

Even if you intend to print directly onto a tax form, it is a good idea to print your tax information on blank paper first. Then you will be able to modify your entries before printing directly to your tax form.

If you decide to sheet feed your forms into your printer or tape your forms to printer paper, you will need to follow this procedure to line up your forms in the printer correctly.

1. Insert blank paper into your printer.

2. Note the placement of the top and left edge of your paper in the printer. Make a small mark on the printer where these edges fall.

3. Print your tax information on the blank paper.

4. Hold the paper with your printed information over the tax form to determine if the entries are properly aligned. If so, make sure the marking you made on your printer in step 2 is a permanent one. Then, when you roll your tax form into the printer, you can line up the top and left edges of the form with this marking, and all of your forms should print out correctly from this point on. If not, repeat steps 1 through 3 until you are able to line up the paper correctly.

5. Now you are ready to print your information directly onto your tax forms. When you feed your form into your sheet feed printer or tape your form to tractor feed printer paper, just line up the form with the marking you made on the printer.

Follow this step-by-step procedure for each form or schedule you wish to print. After you print the form or schedule, you will be given a chance to modify your entries, recalculate the results, or print the revised form again.

NOTE: To print a form or schedule that is already stored in your Taxpayer File, select the "Print Existing Schedule/Form" option on any of the sub-menus and follow the instructions in this section to print your form.

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4
Let's Get Started

NOTE: If you are using an IBM-PC, PC compatible, Commodore 128, or TRS 80 Computer, you must format your data disk before you can use it with this program. See your DOS or computer manual for instructions on formatting disks.

■ Loading the Program

NOTE: You will see that your program disk sides are labelled with numbers. Throughout the program, you will be asked to insert one of these sides in the disk drive. You will always be told which disk side to insert. Be sure to refer to the disk label to insure that you are inserting the proper disk side.

For IBM PCs and Compatible Computers

NOTE FOR IBM USERS: Whenever you see the RETURN symbol in this manual, as in "Press the RETURN key," we mean press the large key with the ↵ symbol on it.

Making This Program Self-Loading

For a One-Drive System

1. First, remove the write-protect tab from the TIMEWORKS program disk and save it for later use. Then insert your DOS diskette into your drive unit. Turn on your computer system. Enter the date (and time if requested) when DOS asks you to do so.

2. When the DOS prompt (A>) appears, place the TIMEWORKS disk in your disk drive unit.

   Type in STARTUP, then press the RETURN ↵ key.

3. The next message to appear on your screen should be:

   "PAUSE – place the DOS diskette in drive B and leave the Timeworks diskette in drive A."

   Do not follow this instruction. (Your Timeworks disk is already in your drive unit.) Press any key to continue.

4. Next, the following message should appear on your screen:

   "Insert diskette for drive B and strike any key when ready."

   Just insert your DOS diskette in your drive unit. Press any key to continue.

5. The next message to appear on your screen should be:

   "Insert diskette for drive A and strike any key when ready."

   Insert the TIMEWORKS disk in your drive unit. Press any key.

6. Continue inserting the TIMEWORKS program disk whenever the computer asks for a disk for drive A, and insert the DOS diskette whenever the computer asks for a diskette for drive B. When the DOS prompt (A>) reappears, replace the write-protect tab.

7. Put your disk back in the drive unit. Turn your computer off, then on again.

   You are ready to use your TIMEWORKS program.

For a Two-Drive System

1. First remove the write-protect tab from the TIMEWORKS program disk and save it for later use. Then insert your DOS diskette into drive A. Turn on your computer system.

2. Enter the date (and time if requested) when DOS asks you to do so. When the DOS prompt (A>) appears, place the TIMEWORKS program disk in drive A and the DOS diskette in drive B.

   Type in STARTUP, then press the RETURN ↵ key.

3. The next message to appear on your screen should be:

   "PAUSE – place the DOS diskette in drive B and leave the Timeworks diskette in drive A."

   You will see a series of commands and the in-use lights of the disk drives will come on alternately for a few moments as information is transferred from the DOS diskette to the TIMEWORKS disk.

   When the DOS prompt (A>) reappears, replace the write-protect tab.

4. Put your disk back in the drive unit. Turn your computer off, then on again.

   You are ready to begin using your TIMEWORKS program.

Loading SWIFTAX with a Self-Loading Program Disk

1. To load SWIFTAX into your computer, switch the computer off, then insert the program disk into disk drive A, on the left side, if you have a two-disk-drive configuration. When you turn on your computer, the program will automatically load into your computer, IF your program disk is set up for self-loading (see page 19).

   NOTE: If you have not set up your program disk for self-loading, you must complete the procedure outlined in "Making This Program Self-Loading" (page 19) in order to proceed.

   ---

2. Next, the computer will ask you to enter the date and the time. Do so.

3. In a few seconds, the introductory display will appear. You are now ready to work with SWIFTAX.

For Apple II Computers

1. Carefully insert the program disk in the disk drive so that Side 1 is facing up.

2. Turn on your monitor.

3. Turn on your computer. The introductory display will appear. You are now ready to work with SWIFTAX.

For Commodore 64 and 128 Computers

NOTE FOR COMMODORE 128 USERS: To load this program, you must be in the 64 mode. To do this, turn on your computer, disk drive, and monitor. Then type GO 64 and press RETURN. You will see the Commodore 64 BASIC display, and you can continue using the directions in this section to load the program.

1. Turn on your computer, disk drive, printer, and monitor.

2. Insert your SWIFTAX program disk into the drive with Side 1 facing up, and enter LOAD "SWIFTAX",8. Press RETURN.

3. When the word READY appears on the screen, enter RUN, then press RETURN. The SWIFTAX logo will appear, along with a list of forms you can complete with this program.

4. Next you will be prompted to select colors for your display. After you have done so, you will be asked if you want to use SWIFTAX's speed loading feature. Answer N for no if you are using an external speed loading device or if your disk drive is not in proper working order.

For Atari Computers

1. Turn on your printer, disk drive, and monitor. Do not turn on your computer yet.

2. If you have an Atari 400, 800, or 1200XL computer, insert a BASIC cartridge in your computer's cartridge slot (left slot on an 800). If you have any other computer (such as a 600XL or 800XL), skip this step.

3. Insert Side 1 of the SWIFTAX disk into your disk drive and close the drive door. Turn on your computer. The program will load automatically, and in a short time you will see the SWIFTAX display.

For TRS 80 Computers

1. Insert a TRS-DOS system disk in drive 0. Turn on the computer.

2. When prompted, enter the date and time. Replace the system disk in drive 0 with Side 1 of the SWIFTAX program disk.

3. Type SWIFTAX and press RETURN. The program will load into the computer.

Choosing Your Display Colors

After the program has been loaded into the computer, you will be given an opportunity to select character, background, and border colors for your displays. Follow the prompts on your screen to choose the colors you want. (If you are using a TRS 80 computer, you will not be able to choose display colors.)

The Main Menu

Initializing Your Data Disk

Before you can use this program, you must prepare, or initialize, a data disk. (This is also called "formatting".) This process erases any information that is currently on the disk and prepares it to accept information from the SWIFTAX program.

If you are using an IBM-PC, PC compatible, TRS 80, or Commodore 128 computer, you must format a disk using DOS. See your DOS or computer manual for instructions on formatting disks.

If you are using a Commodore 64, Apple, or Atari computer, you can initialize a disk using menu item 1 on SWIFTAX's main menu. When the menu appears on your screen, press **1**. Then follow the prompts for proper disk placement. Your disk drive will prepare your disk to accept data. Once the disk is initialized, the main menu will appear.

Creating Your Taxpayer File

NOTE: You can save more than one Taxpayer File on each data disk, but each file must use a different password. (The more files you save on a disk, the slower SWIFTAX will run.)

Once your disk is initialized you can create a file for yourself or for any other person whose tax return you are preparing. Follow this procedure:

1. You will be asked to enter your password – any word of at least 2 and not more than 6 letters. This password cannot be changed.

2. The drive will now whir for about two minutes as the program creates space for tax information and sets up counters to keep track of the forms you will complete. As you complete the various parts of your tax return, you will periodically be prompted to enter your password.

NOTE: If you have already created another taxpayer file using the same password, the program will give you a chance to erase this file or assign a new password.

While the drive is creating your file, the message "CREATING TAXPAYER FILE – PLEASE WAIT" will appear. Once the file is created, you will be prompted to enter such information as your name, address, social security number, and occupation. Follow the prompts on your screen. After you have entered all of your information, you will be given a chance to make changes.

3. Now, you will be prompted for your filing status.

   Press **1** if on December 31 of the taxable year you were single, divorced, or living apart under a separate maintenance decree.

   Press **2** if you were married on December 31 and you wish to file a joint return.

   Press **3** if you were married on December 31 and you wish to file a separate return. In most cases, however, you will pay less tax by filing a joint return.

   Press **4** if you were unmarried on December 31 and you paid more than 50% of the costs of support for a parent or child you claim as dependent, or if you provided most of the support for one of the persons listed in the IRS "Instructions". You may pay less tax if you qualify for any of these conditions.

Press **5** if your spouse died during either of the two years *preceding* the taxable year, and you provided more than 50% of the support for your dependent child, foster child, or step-child. If your spouse died in this taxable year, you can consider yourself married on December 31 and file a joint return.

If your entry indicates that you are married, you will be prompted for your spouse's information. The program will then return to the main menu. (If your entry indicates you are unmarried, you will return to the main menu automatically.)

4. Lastly, you must enter the pitch of your printer. The pitch refers to how many characters your printer prints in an inch. Most printers use a pitch of 10. See your printer manual for more information.

Changing/Examining Taxpayer Information

You can use this menu item to modify any of the previously entered information (first name, occupation, social security number). Just enter item **3**, press **RETURN**, and correct the information.

Instructions

Select this menu item if you are using the SWIFTAX program for the first time. Read them carefully, and then press **C** to return to the main menu.

Completing Your Tax Return

Once you have entered all your identifying information, you are ready to begin your tax return. Press **5**, and then press **RETURN**.

Loan Amortization

See Chapter 7 of this manual for information on computing a loan amortization schedule.

Ending This Program

To end the program, press **7**. Then press **Y** when asked if you are sure you want to end the program. You will return to BASIC.

- Menu Items
- Eligibility Requirements for Each Form

5 Choosing Your Tax Form

Menu Items

Once you've selected item 5, "Complete Your Tax Return," the first thing you will see is a menu that enables you to select the tax form you must file.

1. Form 1040 – Long Form
2. Form 1040A and Schedule 1
3. Form 1040EZ
4. Instructions
5. Return to Main Menu

If you select Form 1040A or 1040EZ, you will be instructed to insert your SWIFTAX program disk in the drive. Then press RETURN and wait while the appropriate module is loaded. Instructions for completing either of these forms will be found in Chapter 6.

If you select Form 1040, instructions for completing this "long form" can be found in Chapter 7.

If you do not know which form to file, press 4 and read the instructions carefully. These instructions are a condensed form of the instructions set forth here:

Eligibility Requirements for Each Form

You should file Form 1040EZ if all of these are true:

1. You were single on December 31 of the taxable year; and you claim only your exemption.

2. You had income *only* from wages, salaries, or tips, and not more than $400 in interest income.

3. Your taxable income was less than $50,000.

You should file Form 1040A if all of these are true:

1. You had income *only* from wages, salaries, tips, unemployment compensation, interest, and dividends.

2. Your taxable income was less than $50,000.

In general, you should file either the 1040EZ or 1040A if you are eligible to do so, unless you know you will pay less tax using Form 1040. However, if any of the following apply to you, you *must* file the longer form.

You must file Form 1040 if *any* of these are true:

1. Your taxable income is greater than $50,000.

2. You are filing as a qualifying widow or widower.

3. You itemize deductions, or you are married, filing separately, and your spouse itemizes deductions.

4. You claim any of the credits on Form 1040, lines 41-47, or you owe any of the taxes on lines 50-55.

5. You receive non-taxable dividends, or you are excluding any re-invested dividends from a qualified public utility.

6. You had income from sources other than wages, salaries, tips, unemployment compensation, interest, or dividends. This includes income from capital gains, self-employment, rents, royalties, partnerships, or other types of income not included on the shorter forms.

7. You are planning to use income averaging to reduce your tax bill.

8. You make estimated tax payments.

9. You make adjustments to your income, listed on lines 23-30 (of Form 1040).

10. You paid any accrued interest to the seller of a bond or received interest or dividends as a nominee for someone else.

For more details, see the IRS "Instructions for Preparing Form 1040".

6 Completing the Short Forms – 1040 EZ and 1040A

- Form 1040EZ
- Form 1040A

Form 1040EZ

OPTIONS:

1. Complete New Form 1040EZ
2. Modify Existing Form 1040EZ
3. Print Existing Form 1040EZ
4. Exit

If you select option 1, you will then see a list of eligibility requirements for Form 1040EZ. (These are the same requirements that are listed in Chapter 5.) You will then be asked:

1. DO YOU QUALIFY FOR THIS FORM? (Y/N)

   Press **Y** to continue with Form 1040EZ, or press **N** to continue.

2. ENTER YOUR PASSWORD? INSERT YOUR DATA DISK IN YOUR DISK DRIVE.

   SWIFTAX automatically checks your Taxpayer File to be sure you are single and then reads the identifying information from your data disk.

3. WAGES, SALARIES, AND TIPS?

   Enter the amount from your W-2 form(s) that you received.

4. INTEREST INCOME?

   Enter the amount of your interest income. If this amount is in excess of $400, you may not file form 1040EZ. In this event, SWIFTAX will prompt you to insert your program disk. The main menu will load into the computer so you can complete Form 1040 or 1040A instead.

5. CHARITABLE CONTRIBUTIONS?

   Enter the total amount of cash contributions you made. Do not include amounts for non-cash contributions. Also, do not deduct your time as a volunteer. SWIFTAX will calculate your allowable deduction. See IRS Publication 526 "Charitable Contributions" for further information.

6. FEDERAL INCOME TAX WITHHELD?

   Enter the amount from your W-2 form(s).

   If your taxable income is greater than $50,000, you are ineligible to file Form 1040EZ. In this event, SWIFTAX will load the main menu automatically so that you can file Form 1040 instead.

Once you have completed Form 1040EZ, SWIFTAX will calculate your taxable income, show the amount of your refund or the amount of tax you owe, and print your tax information on blank paper. (SWIFTAX does not print Form 1040EZ directly onto the tax form, but your information can be transferred easily to the form itself.)

Once your form 1040EZ is printed, you will be given a chance to change your printed information, as explained in "Entering and Modifying Information" (Chapter 3). If you make any changes, all of the computations will be recalculated, and you can print the form again. When your form is correct, the information will be stored in your Taxpayer File.

Form 1040A

If you select option 2 on the main menu, "Form 1040A and Schedule 1", you will see a sub-menu on your screen:

OPTIONS:

1. Schedule 1-Parts III & IV

2. Form 1040A

After selecting either of these options, you will see a list of requirements necessary to establish your eligibility to file Form 1040A instead of Form 1040. (These are the same requirements that are listed in Chapter 5.) You will then be prompted DO YOU QUALIFY TO USE THIS FORM?(Y/N). Press **Y** to continue with Form 1040A. If you press **N**, the main menu will load into the computer so you can file Form 1040.

Next, you will be given instructions on how to complete Form 1040A. You will then see the following display:

OPTIONS:

1. Complete New Sch. 1 - Parts III & IV

2. Modify Existing Sch. 1 - Parts III & IV

3. Print Existing Sch. 1 - Parts III & IV

4. Complete/Modify/Print Form 1040A

5. Exit

NOTE: If you have already completed Form 1040A and you wish to modify some previously entered information, select option 4 and press RETURN. To modify your dividend or interest income information, select option 2 and press RETURN.

If you received more than $400 in interest or dividend income, press 1 and press RETURN to complete Parts III and IV of Schedule 1.

Schedule 1 - Parts III and IV

You must complete Part III of Schedule 1 if you received more than $400 of interest income, and you must complete Part IV if you received more than $400 of dividend income. Follow the prompts to enter information on your interest and dividend income. You will be given a chance to modify your information after printing each section.

Once you have completed Part III – Interest Income, you will be prompted for your dividend income. This procedure is identical to that for interest income. Once your dividend and interest information is complete, your totals will be displayed.

You will then be able to print Schedule 1-Parts III and IV. When printing is completed, the Form 1040A-Schedule 1 menu will appear.

Completing Form 1040A

If you select option 2 on the main menu, the 1040A sub-menu will appear on the screen. Select one of the options to continue preparing your tax return.

NOTE: To delete any of your entries for dependent and non-resident children, answer yes to the prompts CHANGES? and WHICH ONE? and press **RETURN** when prompted for the NAME OF CHILD.

After beginning Form 1040A, you will be shown a series of prompts concerning exemptions and dependents. You will be prompted for the number of dependent children living with you (resident) and not living with you (non-resident). You will be prompted to enter the names of other dependents. Enter the name, relationship to you, number of months lived with you, whether this person had income in excess of $1040, and if you provided more than 50% of this person's support. For details, consult IRS Publication 501, "Exemptions". This data will be saved after you have completed this section. You will then be prompted to enter your wages and your IRA deduction. Do so. (If you made payments to an IRA Fund, complete the worksheet found in the IRS Instructions and enter your deduction.) If you are married, you will next be prompted to enter the wages and the IRA deduction for your spouse.

You will now be prompted to enter the total income tax withheld. Enter the total amount. Include withholding for your spouse if you are married and filing jointly. Also include any excess F.I.C.A. you paid. See the IRS instructions to determine if you paid too much Social Security Tax.

If you did not complete Schedule 1-Parts III and IV, you will be prompted to enter your interest and dividend income. If your entries are in excess of $400, you will be prompted to complete Parts III and IV or to continue with Form 1040A and complete Schedule 1 at a later time. You will also be prompted to enter your dividend exclusion. Next you will be prompted:

UNEMPLOYMENT COMPENSATION RECEIVED?

Enter the amount. If you indicate that you received unemployment compensation, you will be prompted:

UNEMPLOYMENT COMPENSATION REPAID?

Enter the amount. You will then be given a chance to make any changes.

CASH GIFTS TO CHARITY?

Enter the total amount.

NON-CASH GIFTS TO CHARITY?

Enter the amount and attach a written statement for amounts under $500 detailing your contributions. For non-cash contributions over $500, attach Form 8283, "Non-Cash Charitable Contibutions - Rev. October 1985".

POLITICAL CONTRIBUTIONS?

Enter the total amount. SWIFTAX will calculate your credit.

DID YOU HAVE CHILD & DEPENDENT CARE EXPENSES?

Press **Y** if you incurred such an expense. Press **N** if you did not. If you incurred these expenses you will be shown eligibility requirements. If you indicate that you are eligible, you will be prompted for the number of qualifying persons and the amount you spent on dependent care expenses.

Once you have finished entering your information, you will be given the opportunity to print your return, modify your information, recalculate the results, and print again.

After you have completed Form 1040A, the sub-menu for Form 1040A will appear on the screen. Select one of the options to continue preparing your tax return.

OPTIONS:

1. Complete New Form 1040A
2. Modify Existing Form 1040A
3. Print Existing Form 1040A
4. Complete/Modify Sch. 1 - Parts III and IV
5. Exit

- The Menu and Instructions
  Income
  Adjustments to Income
  Credits
  Other Taxes
- Completing Schedule B
- Completing Schedule C
- Completing Schedule D
- Form 1040-Page 1
- Completing Schedule A
- Completing Schedule SE
- Form 1040-Page 2
  Schedule G
- Computing a Loan Amortization Schedule

7 Completing Form 1040

The Menu and Instructions

If you choose to complete Form 1040, you will see this menu:

FORM 1040

1. SCHEDULE B – INTEREST & DIVIDENDS
2. SCHEDULE C – SELF-EMPLOYMENT INCOME
3. SCHEDULE D – CAPITAL GAINS (LOSSES)
4. FORM 1040 – PAGE 1
5. SCHEDULE A – ITEMIZED DEDUCTIONS
6. SCHEDULE SE – SELF-EMPLOYMENT TAX
7. FORM 1040 – PAGE 2
8. LOAN AMORTIZATION
9. INSTRUCTIONS
10. RETURN TO "CHOOSE TAX FORM" MENU

NOTE: You must complete these program modules in the order in which they appear on the menu, beginning with Schedule B and proceeding through Schedule C, Schedule D, Form 1040 – Page 1, Schedule A, Schedule SE, and ending with Form 1040 – Page 2. If you are not sure how to complete these forms, select menu item 9 for Instructions. These instructions are also set forth here.

INSTRUCTIONS:

If you look carefully at Form 1040, you will see that it is divided into the following sections: exemptions, income, adjustments to income, tax computation, credits, other taxes, and payments.

You should complete all supporting schedules and forms concerning income and adjustments to income *before* beginning Page 1 of Form 1040. Then complete any other supporting schedules and forms concerning deductions, credits, and other taxes *after* you finish Page 1 of Form 1040. Page 2 should be completed *last*. Following is a brief description of the forms and schedules that support Form 1040, including forms not currently part of SWIFTAX.

Income

NOTE: All information from the supporting schedules in SWIFTAX is integrated automatically into Form 1040.

1. Schedule B

   You must complete Schedule B to report either interest or dividend income in excess of $400. You must also file Schedule B if you received any dividends or interest as a nominee for someone else, if you paid any accrued interest to the seller of a bond, or if you are choosing to exclude dividends you received from a qualified public utility. You must also complete Schedule B if you had a foreign financial account, or were a transferor to or grantor of a foreign trust.

2. Schedule C

   You must complete Schedule C if you or your spouse operated a business or had a professional practice. Report any expenses you incurred and any income you received from self-employment. You must file a separate Schedule C for each business you operated.

3. Schedule D

   You must complete Schedule D to report gains or losses from the sale or exchange of capital assets.

The next two schedules also relate to income but are not included in the SWIFTAX package. If either or both of these forms apply to your return, you should complete them MANUALLY *before* you complete Page 1 of Form 1040.

4. Schedule E

   You must complete Schedule E if you had income from rents, royalties, partnerships, trusts, or estates. Schedule E should also be used to report income or losses from small business corporations.

5. Schedule F

   You must complete Schedule F to report income or losses from operating a farm. IRS Publication 225, "Farmer's Tax Guide", will supply any additional information you might need.

Adjustments to Income

1. Schedule A

   You should complete Schedule A if you are going to itemize deductions. If the total of your itemized deductions is less than the standard deduction, SWIFTAX will ask you if you are required to itemize, because you will be better off, in this event, with the standard deduction. This schedule should be completed *after* you have finished Page 1 of Form 1040.

NOTE: The next two forms also relate to Adjustments to Income, but are not included in the SWIFTAX package. If either or both of these forms apply to your return, you should complete them manually before you complete Page 1 of Form 1040. Information from manually completed forms should be entered into Form 1040 as prompted by the computer.

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2. Form 3903 – Moving Expenses

   If you moved your place of residence in this taxable year because you changed the location of your job, complete this form to report your moving expenses. You can deduct your expenses if your new job is located at least 35 miles further from your old residence than your old job was. See IRS Publication 521, "Moving Expenses", for details.

3. Form 2106 – Employee Business Expenses

   If you were not required to account for business expenses to your employer, or if you did account to your employer but were not reimbursed for the full amount, then you should complete this form. You can also use Form 2106 to claim a deduction for educational expenses related to employment.

Remember: You must complete all forms and schedules relating to income and adjustments to income before completing Page 1 of Form 1040. After you have completed Form 1040-Page 1, you must complete any forms and schedules that relate to credits and other taxes. A partial list of these forms follows. All but Form 2441 are *not* included in the SWIFTAX package. Any of these forms that apply to your return must be completed manually before you complete Form 1040-Page 2. This list is by no means all-inclusive. For more information, see the appropriate IRS publications. A complete list of information booklets can be found in the "Instructions for Preparing Form 1040".

Credits

1. Schedules R & RP – Credit for the Elderly

   If you were over 65 years of age on December 31 of this taxable year, complete Schedule R to claim a special tax credit. If you were over 65 and had income from a public retirement system, complete Schedule RP instead.

2. Form 1116 – Foreign Tax Credit

   Complete this form to claim a credit for income taxes paid to a foreign country or a political entity (such as a state, county, or city) in a foreign country.

3. Form 2441 – Credit for Child and Dependent Care Expenses

   You can claim a tax credit if you paid for child care for your dependent child under age 15 while you worked or looked for work, or if you paid for care of your dependent who is disabled.

4. General Business Credit

   General Business Credit is the total of tax credits from the following forms:

   Form 3468 – Investment Tax Credit
   Form 3800 – General Business Credit (used for carry-forwards and carrybacks that apply to the other three forms)
   Form 5884 – Jobs Credit
   Form 6478 – Tax Credit for Alcohol Used as Fuel

5. Form 5695 – Residential Energy Credit

   If you installed energy-saving devices in your home, such as storm-windows or electronic thermostats you may be eligible to take this credit. See IRS Publication 903, "Energy Credits for Individuals", for information.

Other Taxes

1. Schedule SE – Self Employment Social Security Tax

   You must complete and file Schedule SE if you were self-employed, received $400 of earned income, and received less than $39,600 in wages, salaries, and tips.

2. Form 6251 – Alternative Minimum Tax

   You may be liable for this tax if you had tax preference items such as accelerated depreciation, depletion, intangible drilling costs, etc. You may also be liable if you claimed long-term capital gains or non-business tax credits from Forms 3468, 5884, or 1116. See Form 6251 to compute this tax.

3. Form 4255 – Recapture of Investment Credit

   You may be liable for this tax if you claimed an investment credit in a previous year and then disposed of the investment property before the end of the useful life used in computing the credit.

4. Form 5329 – Tax on an IRA

   You must complete Form 5329 to report excess payments to an IRA, premature distributions made to you from your IRA, or excess accumulations in your IRA. You may owe penalty taxes, and these must be reported on your return.

Completing Schedule B

NOTE: It is important that you gather all your records together before completing any of the supporting schedules.

To complete Schedule B, select option 1 on the Form 1040 sub-menu. You will then be prompted ARE YOU REQUIRED TO FILE SCHEDULE B?(Y/N). If you press **Y**, the following sub-menu will appear on your screen:

NOTE: A sub-menu like the one below will appear whenever you choose to complete, modify, or print any of the supporting schedules for any of the forms.

OPTIONS:

1. Complete New Schedule B

2. Modify Existing Schedule B

3. Print Existing Schedule B

4. Exit

Following is a brief explanation of the items that are reported on Schedule B.

1. Regular Interest

   This includes interest from CDs, bank accounts, bonds and other debentures, U.S. Treasury bills, and other notes and loans you hold. Most payers will send you a Form 1099-INT for the interest you received.

2. Interest from the Sale of Property

   If you sold any property and financed the note yourself, you must report any interest you received. See page 72 to complete an amortization schedule on any notes you hold that pay you interest.

3. Accrued Interest

   When you buy a bond between interest payment dates, you have effectively paid interest to the seller. Your broker or other agent will send you a statement that shows any accrued interest you paid.

4. Dividend Income

   This includes amounts paid to you by corporations. These payments are distributions of corporate earnings and other gains. Payments from a money market fund should be reported as dividends. Usually, the dividend payer will send you a Form 1099-DIV.

5. Qualified Dividends

   If you have entered capital gains, non-taxable distributions, or qualified reinvested dividends, you will see a breakdown of your entries on the screen immediately after completing this section of Schedule B. Most entries will be identified by a letter:

   c = capital gain distributions
   n = non-taxable distributions
   q = qualified reinvested dividends

   An entry without a letter denotes a regular dividend. These amounts will be repeated on the Schedule B summary. Note that if you enter amounts for qualified reinvested dividends, SWIFTAX will limit your exclusion to $750 ($1500 for a joint return).

6. Nominee Distributions

   This refers to dividend or interest income you received for someone else and then distributed. You should report amounts received as interest or dividend income and then list amounts you paid out. (Nominee distributions of dividends and interest are reported separately on Schedule B. SWIFTAX will prompt you accordingly.)

For a more complete description of these items, see the IRS "Instructions for Preparing Form 1040".

Before you are prompted for interests and dividends, you will be given instructions to guide you in reporting the amounts in each category. *Read these instructions carefully.* Then follow the prompts to enter the name of your interest and dividend payer (if any) and the amount(s).

Periodically, you will be given a chance to correct any information you entered. You will then be prompted PRINT SCHEDULE B?(Y/N). Press **Y** to print your Schedule B.

SWIFTAX prints directly onto Schedule B. In many cases you will have more information than can be printed on the form itself. If so, the statement "see attached sheet – Total" will appear in the appropriate line on your Schedule, and SWIFTAX will print an itemization on blank paper once Schedule B is complete.

When all your information is printed, select option 2 on the Schedule B sub-menu to correct information. Look at your printed results and make any changes that are necessary. If you make changes, SWIFTAX will recalculate your results, and you can print your form at another time.

All of the interest and dividend information you entered will be stored in your Taxpayer File and the totals will be integrated automatically into your Form 1040. Once your Schedule B information is correct, another sub-menu will appear and you can select the "Main Menu" option to continue completing your tax return.

OPTIONS:

1. Schedule C
2. Schedule D
3. Form 1040-Page 1
4. Main Menu

Completing Schedule C

If you or your spouse had income or losses from self-employment, enter option 2. Press RETURN to complete Schedule C. After the Schedule C program module is loaded, you will be asked to insert your data disk in the drive unit. If you have previously completed one or more Schedule Cs, a list of those businesses will appear on the screen with the prompt IS THIS SCHEDULE C FOR ONE OF THE BUSINESSES LISTED ABOVE?(Y/N). Press N if you are completing Schedule C for a new business. Press Y if you are completing Schedule C for one of the businesses previously listed.

Schedule C is divided into four sections, which you must complete in the following order: (1) Identifying Information, (2) Cost of Goods Sold and/or Operations, (3) Income, and (4) Deductions. These sections are described below:

Identifying Information

You will be prompted for information such as the name and address of your business, your employer identification number, product, and accounting method.

Cost of Goods Sold and/or Operations

You will be asked the following two questions. A "Y" or "yes" answer to either one means you must complete this section.

WAS THE PRODUCTION, PURCHASE, OR SALE OF MERCHANDISE AN INCOME-PRODUCING FACTOR?(Y/N)

WERE INVENTORIES PART OF YOUR COST OF OPERATIONS?(Y/N)

If you must complete this section, enter information regarding beginning inventory, purchases, labor costs directly related to merchandise inventories (for example, production costs), closing inventory, and materials and supplies.

Income

In this section, you will be prompted for gross receipts and sales, returns, other income, and the amount of windfall profit tax you overpaid the previous year. You must repay such overpaid tax as income if you received a tax credit or a refund for overpayments that were listed as expenses the previous year.

Deductions

This section prompts you for business expenses. You can deduct the cost of advertising, wages, rent on business property, and any other reasonable costs of doing business. The prompts closely follow lines 6-31 on Schedule C, and instructions to help you report your expenses on the appropriate lines will guide you each step of the way. You are also given a chance to add a number of categories for "Other Expenses".

When you finish Schedule C, follow the same procedure to continue as outlined in Schedule B.

Completing Schedule D

Enter menu item 3 and press RETURN to complete Schedule D and report any gains or losses from the sale or exchange of capital assets and the reconciliation of Forms 1099-B. Detailed instructions concerning capital assets will be found in the IRS "Instructions for Preparing Form 1040".

Once the Schedule D program module is loaded, you will be shown a condensed summary of the IRS instructions. Read these carefully. You will then be prompted for the name of the asset or property you sold or traded, the acquisition date of the asset, the date you sold it, the gross sale price, and the basis for the asset. Include any costs of selling as part of that basis. If you have questions concerning how to determine your basis, see the IRS Publication 544, "Sales and Other Disposition of Assets". Remember, you will be given chances periodically to correct your entries.

There are several other entries you must make to complete Schedule D. You will be prompted for short or long-term gains for each of the following: sale or exchange of a principle residence; gain from installment sales; gain or loss from partnerships, S Corporations, and fiduciaries; and loss carryover. Above each prompt, you will see instructions concerning these items. Read these instructions carefully if you are not sure what forms to file and what amounts to report.

You will then be prompted to enter totals from the sale or exchange of capital assets from Forms 1099-B that you received from your broker, bank, etc. You will also be prompted to enter the amount of proceeds from sale or exchange of capital assets that were not reported on Forms 1099-B but were included on Schedule D. You must enter totals from the sale or exchange of capital assets which were reported on Forms 1099-B but not listed on Schedule D. Attach an explanation for any amount not reported on Schedule D. SWIFTAX will automatically reconcile this section of Schedule D. If the amounts do NOT reconcile, SWIFTAX will give you an opportunity either to modify this section or to review your earlier entries and make changes when needed. The program will NOT continue until you have reconciled this part of Schedule D.

SWIFTAX will then perform the final calculations, including any loss carryovers for the next taxable year, and print your results. If you have more entries than will fit on Schedule D, SWIFTAX will print a complete itemization after Schedule D is printed, similar to the one described in Schedule B. When you finish Schedule D, follow the same procedure to continue as outlined in Schedule B.

Form 1040 – Page 1

Once you have completed all of the appropriate forms and schedules that apply to income and adjustments to income, you are ready to complete Page 1 of Form 1040. To complete Form 1040-Page 1, select option 4 on the Form 1040 sub-menu. You will then see this sub-menu:

OPTIONS

1. Complete Page 1
2. Modify Existing Page 1
3. Print Existing Page 1
4. Exit

Completing Form 1040 - Page 1

If you are completing Form 1040 for the first time, select option 1 on this menu and press RETURN. You will then be prompted for your initials and asked to place your data disk in your disk drive. SWIFTAX reads your identifying information (name, address, social security number) from your Taxpayer File.

Begin entering your exemption information. SWIFTAX automatically gives you credit for your personal exemption and, if you are filing a joint return, gives you an exemption for your spouse as well.

After you have entered all information concerning exemptions and dependents, you will be able to modify your entries. SWIFTAX then stores this information in your Taxpayer File.

The next series of prompts concerns income. SWIFTAX will automatically check your Taxpayer File to see if you have completed Schedules B, C, and D. If you have completed Schedule B, your interest and dividend income will be entered automatically. If you have not completed Schedule B, you will be prompted for interest and dividend income. If you enter an amount for either interest or dividend income greater than $400, you will be required to complete Schedule B, which SWIFTAX will allow you to load.

You will now be asked to enter such items as wages, interest and dividend income, state and local tax refunds, alimony, and capital gain distributions. You will also be prompted:

SUPPLEMENTAL GAINS FROM FORM 4797?

Enter the amount of income you received.

FULLY TAXABLE PENSIONS, IRA DISTRIBUTIONS AND ANNUITIES?

Enter the amount of pension and annuity income, distributions from profit sharing plans, retirement plans, and other similar income that is fully taxable. See the IRS "Instructions for Filing Form 1040", and Publication 575, "Pension and Annuity Income", for more details.

OTHER PENSIONS AND ANNUITIES?

Enter the amount you received from pensions and annuities that are fully taxable. See the IRS "Instructions" and Publication 575.

TAXABLE AMOUNT FROM WORKSHEET?

See the IRS "Instructions" and enter the taxable amount of any distributions you received.

RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, AND TRUSTS?

Enter the total from Schedule E, if applicable.

FARM INCOME?

Enter the amount from Schedule F.

UNEMPLOYMENT COMPENSATION?

Enter the total amount received. If you received unemployment compensation, you will also be prompted for the amount you repaid, if any.

SOCIAL SECURITY BENEFITS?

Enter the total of all social security benefits you received. If you enter an amount you will also be prompted to enter the taxable amount. See the IRS "Instructions" to calculate this amount.

GAMBLING WINNINGS?

Enter the amount of your winnings.

PRIZES AND AWARDS?

Enter the amount you received.

EARLY WITHDRAWALS FROM AN IRA?

Enter any amount prematurely distributed to you. You may be liable for a penalty tax under IRS section 72.

ALL OTHER INCOME?

Enter the amount of any other income you have not yet reported. You will be asked to specify the source of this income.

ANY OTHER SELF-EMPLOYMENT INCOME?

Enter any income you received from self-employment that was not reported on Schedule C or F. This amount should be any self-employment income included as other income or as rent, royalties, etc.

NOTE: For more information on the following prompts, see "Adjustments to Income" in Chapter 7 of this manual.

MOVING EXPENSES?

Enter the amount from Form 3903 or 3903F.

EMPLOYEE BUSINESS EXPENSE?

Enter the amount from Form 2106.

PAYMENTS TO AN IRA?

Enter the amount of your IRA deduction, based on the worksheet in the IRS "Instructions".

PAYMENTS TO A KEOGH RETIREMENT PLAN?

Enter the amount. For more details, see IRS Publication 560, "Self-Employed Retirement Plans".

PENALTY ON EARLY WITHDRAWAL OF SAVINGS?

Enter the amount.

ALIMONY PAID?

Enter the amount.

If you are married, you will be prompted for those income and adjustment entries that pertain to your spouse. Enter the appropriate amount. SWIFTAX will now perform all of the calculations and print Form 1040-Page 1 and Schedule W (for a married couple when both are employed).

Modifying Form 1040 – Page 1

If you have previously completed Form 1040-Page 1, and you wish to make changes, select option 2 on the Form 1040-Page 1 sub-menu. To print an existing Form 1040-Page 1, select option 3. When you finish Form 1040-Page 1, follow the same procedure to continue as outlined in Schedule B.

Completing Schedule A

Before you can begin Schedule A, you must have already completed Form 1040-Page 1. If you have not, you must return to the Form 1040 menu and select menu item 4, "Form 1040-Page 1". To complete Schedule A, select option 5 on this menu.

You will pay less tax if your itemized deductions total more than the standard deduction. Consult your IRS Information Form for the standard deduction amounts if you are filing a joint return or filing as a qualifying widow or widower; if you are single or filing as a head of household; or if you are married and filing separately.

If you are not sure whether you will save money by itemizing deductions, complete Schedule A. SWIFTAX will calculate your total deductions once you have entered the appropriate information. If your itemized deductions are less than the standard deduction, you will be prompted DO YOU WANT TO ITEMIZE? (Y/N). Press **Y** if you are required to itemize, based on the regulations found in your IRS "Instructions", or press **N** if you are not required or do not want to itemize.

Itemized deductions fall into six broad categories:

1. Medical and Dental Expenses

   You can deduct any amounts you spent on medical and dental care for yourself, your spouse, and any of your dependents, *if* these amounts exceed 5% of your adjusted gross income (line 33 of Form 1040). Do not include any expenses for which you were later reimbursed. You will be prompted:

   MEDICINE AND DRUGS?

Enter the amount you spent on prescription drugs and medicines, including insulin.

DOCTORS, DENTISTS, NURSES, HOSPITALS, MEDICAL INSURANCE PREMIUMS?

Enter the amount you spent on these services. Include bills you paid to psychiatrists, psychologists, physical therapists, acupuncturists, and chiropractors, as well as any other dentists and doctors. You should include any amounts you spent on X-ray and laboratory services, nursing help, medical treatment at a drug or alcohol rehabilitation center, and any other treatments that were ordered by your doctor. Remember to *exclude* any expenses for which you were reimbursed. Do *not* deduct the cost of insurance if your employer paid the premium. See your IRS "Instructions", or Publication 502, "Medical and Dental Expenses", for more details.

OTHER MEDICAL EXPENSES?

Enter the amount you spent on hearing aids, false teeth, eyeglasses, crutches, and other medical aids. If you have any expenses in this category, you will be asked to specify them.

2. Taxes

You will be prompted as follows:

STATE AND LOCAL INCOME TAX?

Enter the amount of these taxes you paid during the taxable year. Do not reduce this deduction by the amount of any refund or credit you received for a previous year.

REAL ESTATE TAXES?

Enter the amount of property tax you paid, but exclude any tax paid on property that was used for business.

GENERAL SALES TAX?

You can use the optional State Sales Tax Tables to determine this amount. Or you can deduct the actual amount of sales tax you paid, if you kept accurate records which show you spent more on sales tax than the deduction in the table. Remember to add a proportionate amount, based on your local tax rate, to the amount in the tables. See the IRS "Instructions" for more details.

GENERAL SALES TAX ON A CAR, MOTORCYCLE, TRUCK, OR RECREATIONAL VEHICLE?

Enter the amount you paid.

GENERAL SALES TAX ON A BOAT, PLANE, HOME, OR MATERIALS TO BUILD A NEW HOME?

Enter the amount of sales tax you paid for any of the above. You cannot deduct this tax, however, unless the tax rate on this purchase was the same as the general tax rate, and your receipt or contract lists the sales tax as a separate item.

OTHER TAXES?

Enter the amount you paid for taxes such as personal property tax or foreign income tax. Consult your IRS "Instructions" to see which taxes are deductible. If you paid tax to a foreign country, you may want to claim a credit. See IRS Publication 514, "Foreign Tax Credit for U.S. Citizens and Resident Aliens". If you claim a deduction for other taxes, you will be asked to specify the tax paid.

3. Interest Expenses

You can deduct only the actual interest you paid during the year. Repayment of the principal amount is not a deductible expense. If you are repaying a loan, and you do not have an accurate statement which breaks your payment down into interest and principal, return to the Form 1040 display and select menu item 8, "Loan Amortization." See "Computing a Loan Amortization Schedule", at the end of this chapter, for further instructions.

You will be prompted for interest expense items as follows:

HOME MORTGAGE INTEREST PAID TO INDIVIDUALS?

Enter the amount. You will be prompted for the name and address of the person(s) to whom you paid interest.

HOME MORTGAGE INTEREST PAID TO FINANCIAL INSTITUTIONS?

Enter the total amount you paid.

INTEREST PAID TO CREDIT CARDS AND REVOLVING CHARGE ACCOUNTS?

Enter the amount.

OTHER INTEREST?

Enter the amount. You will be prompted to specify the source of this interest.

4. Contributions to Charity

You will be prompted as follows:

NON-CASH CONTRIBUTIONS?

Enter the amount, and attach a written statement for amounts under $500 detailing your contributions. For non-cash contributions over $500, attach Form 8283, "Non-Cash Charitable Contributions – Rev. October 1985".

CASH CONTRIBUTIONS LESS THAN $3,000 TO ANY ONE ORGANIZATION?

Enter the total amount you gave.

TO HOW MANY ORGANIZATIONS DID YOU GIVE $3,000 OR MORE?

Enter the number. For each organization to which you gave more than $3,000, you will be prompted for the name of the group and the amount of your gift. If there are more than 2 organizations, you will be prompted to enter the total paid. Be sure to attach an itemized list to Schedule A.

CARRYOVER FROM PRIOR YEAR?

Enter the amount.

For details concerning allowable charitable deductions, see the IRS "Instructions" and Publication 526, "Charitable Contributions".

5. Casualty and Theft Losses

   You will be prompted as follows:

   CASUALTY AND THEFT LOSSES?

   Enter the amount from Form 4684, "Casualties and Thefts". See IRS Publication 547, "Tax Information on Disasters, Casualties, and Thefts" for complete details.

6. Miscellaneous Deductions

   UNION AND PROFESSIONAL DUES?

   TAX PREPARATION FEE?

   Enter the amounts, if any.

   OTHER DEDUCTIONS?

   If you make entries here, you will prompted to specify the type of deduction. You will be limited to seven items. For more information, see IRS Publication 529, "Miscellaneous Deductions".

When you finish with Schedule A, follow the same procedure to continue as outlined in Schedule B.

■ Completing Schedule SE

You must complete Schedule SE if you received more than $400 in net self-employment income and earned less than the maximum FICA total of wages, salaries, and tips. If you are married filing a joint return, you must file a separate Schedule SE if both you and your spouse received self-employment income and are subject to additional taxes.

Follow the prompts to load Schedule SE (menu item 6). You will then see a list of eligibility requirements for this schedule, and you will be asked if this schedule is for you or your spouse.

You will then be prompted to enter the gross amount of self-employment income you earned, including farm income from Schedule F, non-farm income from Schedule C, and non-farm income not reported on Schedule SE. The computer will automatically read the net amount of income you received from these sources from your data disk.

Next, enter the total gross and net income you received on farm partnerships reported on Schedule K-1. You also must enter the total amount of tips that you earned and did not report to your employer but are subject to social security tax.

After you have an opportunity to modify your answers, you will be able to print out Schedule SE. When you have completed this schedule, you will be given an opportunity to complete another Schedule SE or to exit to the Form 1040 sub-menu.

Form 1040 – Page 2

Once you have completed the forms and schedules concerning credits, other taxes, and payments, you are ready to finish your tax return. Follow the prompts to load the program module for Form 1040-Page 2 (menu item 7).

Once Form 1040-Page 2 program is loaded, the following sub-menu will appear:

OPTIONS:

1. Complete New Page 2

2. Modify Existing Page 2

3. Print Existing Page 2

4. Exit

You must complete Form 1040-Page 1 before you can begin working on Form 1040-Page 2. SWIFTAX will read your Taxpayer File to check if you have completed Page 1. If you have not, SWIFTAX will prompt you to do so. If you have previously completed Form 1040-Page 2 and you wish to make changes, select option 2. Or, to print an existing Form 1040-Page 2, select option 3. When you finish Form 1040-Page 2, follow the same procedure to continue as outlined for Schedule B.

SWIFTAX also reads your Taxpayer File to see if you completed Schedule A. If so, and your itemized deductions were greater than the standard deduction (or if you were required to itemize), the results from Schedule A will be integrated automatically into Form 1040 – Page 2.

If you did not complete Schedule A, you will first be prompted for your cash and non-cash contributions to charity. See the IRS "Instructions" for the rules and limitations concerning charitable contributions. Also see the section on Form 1040A in Chapter 6 for more information.

You will then be prompted DO YOU WANT TO INCOME AVERAGE?(Y/N). Press **Y** if you think you might save tax money by using income averaging, and proceed to Schedule G below. In general, you may pay less tax by using income averaging if your income is somewhat larger this year than your average income was over the past four years. Press **N** if your income is less this year than it has been over the past several years. Skip the section below concerning Schedule G.

Schedule G

Before continuing, be sure you have your tax returns for the past 3 years handy. For the first of these years, you will be prompted to enter:

YOUR TAXABLE INCOME?

Enter the amounts on line 37 of your Form 1040, or line 16 of Form 1040A, or line 7 of Form 1040EZ for the year specified.

For each of the other two years, you will be prompted:

YOUR TAXABLE INCOME?

For Form 1040, enter the amount from line 37.
For Form 1040A, enter the amount from line 19.
For Form 1040EZ, enter the amount from line 7.

TOTAL INCOME EARNED, LESS DEDUCTIONS IN U.S. POSSESSIONS OR OUTSIDE U.S. THAT WAS EXCLUDED DURING THE YEARS (the 3 years previous to your taxable year)?

Enter this amount. Be sure to include any Foreign Housing Exclusion you took in the previous year.

PREMATURE/EXCESSIVE DISTRIBUTIONS?

Enter the amounts. If you received premature or excessive distributions, which are subject to a penalty under Section 72, see the IRS "Instructions".

SWIFTAX will now calculate your tax and display the following:

FORM 1040 – PAGE 2

ADJUSTED GROSS INCOME	$000.00
NET DEDUCTIONS	$000.00
TAXABLE INCOME	$000.00
TAX (BASED ON [TAXABLE YEAR] RATE SCHEDULES AND TABLES)	$000.00
AMOUNT SAVED (IF ANY) USING INCOME AVERAGING	$000.00

The next series of prompts deals with tax credits. You may be eligible to take one or more of these credits to reduce the amount of tax you owe. See the description of these forms listed in "The Menu and Instructions" (Chapter 7) or in the IRS "Instructions", for more details.

CREDIT FOR THE ELDERLY?

Enter the amount from Schedule R or RP.

FOREIGN TAX CREDIT?

Enter the amount from Form 1116.

GENERAL BUSINESS CREDIT?

Enter the amount of investment tax credit from Form 3468, jobs credit from Form 5884, or other business credits from Forms 6478 or 3800. Be sure to check the appropriate box on Page 2 of Form 1040.

POLITICAL CONTRIBUTION CREDIT?

See the IRS Instructions to determine your credit if you made non-charitable political contributions.

DID YOU HAVE EXPENSES TO CARE FOR A DEPENDENT SO THAT YOU COULD WORK OR LOOK FOR WORK? (Y/N)

Press **Y** if you paid for care for your child or other disabled dependent. Press **N** if you did not incur these expenses. If you indicate that you paid dependent care expenses, you will be shown a list of eligibility requirements to claim the credit from Form 2441. If you respond that you are eligible, you will be prompted to enter your expenses for child or other dependent care. SWIFTAX automatically calculates your credit based on your expenses and your income.

RESIDENTIAL ENERGY CREDIT?

Enter the amount from Form 5695.

The next series of prompts concerns other taxes you may owe. See the IRS "Instructions", or "The Menu and Instructions" (Chapter 7), for further information.

SELF-EMPLOYMENT TAX?

This amount of your self-employment tax from Schedule SE is integrated automatically into your tax return. You may change this amount when you are allowed to modify your responses.

ALTERNATIVE MINIMUM TAX?

Enter the amount from Form 6251.

TAX FROM RECAPTURE OF INVESTMENT CREDIT?

Enter the amount from Form 4255.

SOCIAL SECURITY TAX ON TIP INCOME NOT REPORTED TO YOUR EMPLOYER?

Enter the amount from Form 4137.

UNCOLLECTED EMPLOYEE FICA AND RRTA TAX ON TIPS?

Enter this amount from your W-2 forms.

TAX ON AN IRA?

Enter the amount from Form 5329.

FEDERAL INCOME TAX WITHHELD?

Enter the total amount of income tax already deducted from your W-2 and W-2P forms.

ESTIMATED TAX PAYMENTS?

Enter the total of your payments, if any, that you made during the year. Include any overpayment of tax you applied on your previous year's return.

EARNED INCOME CREDIT?

If your adjusted gross income (line 33 of Form 1040-Page 2) is less than $11,000, you may be able to claim an earned income credit. See your IRS Publication 596, "Earned Income Credit", to figure your credit.

AMOUNT PAID WITH FORM 4868?

If you filed Form 4868 to obtain an extension so that you could file your return late, enter the amount of tax you already paid.

EXCESS SOCIAL SECURITY TAX PAID?

Enter the amount you already paid.

CREDIT FOR FEDERAL TAX ON SPECIAL FUELS AND OILS?

Enter the amount from Form 4136.

REGULATED INVESTMENT COMPANY CREDIT?

Enter the amount from Form 2439.

You will now be shown the amount of tax you owe or the amount of refund you may expect to receive. If you owe tax, you may owe a penalty. (See Form 2210 for details.)

If the IRS owes you a refund, you can apply all or part of that refund to your next year's estimated tax. If you choose to do this, you will be prompted for the amount of the refund you want to apply to your estimated tax.

SWIFTAX will now complete all calculations, including your taxable income, credits, other taxes, payments and refund, or amount you owe, and display the results. Form 1040-Page 2, Form 2441, and Schedule G will now be printed and the results stored in your Taxpayer File. To modify your entries, select option 2 on the Form 1040-Page 2 sub-menu. To print an existing Page 2, select option 3. You have now completed Form 1040 and the supporting schedules.

Computing A Loan Amortization Schedule

If you wish to calculate a loan amortization schedule, enter menu item 8, then press RETURN. This program module will then load into the computer from your SWIFTAX program disk.

You will be prompted for the name of the borrower, the interest rate of the loan, the starting balance, the total number of payments, and the month and year in which the first payment was made. You will then be given a chance to correct any of these entries.

After you are satisfied that your entries are correct, you will be prompted DO YOU KNOW THE MONTHLY PAYMENT? (Y/N). To compute an existing loan, press Y, and then press RETURN. You will then be prompted for your monthly payment. If you want SWIFTAX to calculate the monthly payment, press N, and then press RETURN. This is very useful if you want to set up a loan.

SWIFTAX will now calculate the yearly interest and principal. You can view and print the amortization schedule for one year at a time. SWIFTAX will calculate the interest and principal paid in each year and display the totals by year. Once your amortization schedule is completed, follow the prompts to return to the main menu.

8
Making Backups of Your Data Disks

The magnetic data disks on which you store your information are vital to your processing of data. Unfortunately, data disks can become unusable for a great variety of reasons – causing you to lose your accumulated vital information. Therefore, we strongly urge you to create at least one backup disk after each session of entering information into SWIFTAX.

■ For IBM PCs, PC Compatibles, Apple, Atari, and TRS 80 Computers

If you are using an IBM-PC, PC compatible, Apple, Atari, or TRS 80 computer, you should consult your DOS manual for instructions on creating backups of data disks.

■ For Commodore 64 and 128 Computers

If you are using a Commodore C64 computer, you will find a program on Side 2 of your SWIFTAX program disk which will help you create a backup data disk. This backup program is designed for either 1541 or 1571 disk drives. If you are using other compatible disk drives, you should refer to your disk drive manual for any variations or differences in their backup procedure.

To use the backup program, follow these steps:

1. Cover the write-protect notch on your data disk with a piece of tape to prevent accidental erasure of your data.

2. Insert Side 2 of your SWIFTAX program disk in the disk drive.

NOTE: If you are using a Commodore 128, you must load the backup program in the 64 mode.

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3. If you are using one disk drive, enter LOAD"ONE",8. If you are using two disk drives, enter LOAD"TWO",8 and press RETURN.

4. When READY appears on the display, enter RUN and press RETURN.

5. Remove your program disk.

6. Instructions will now appear in the box labelled OPERATOR INTERVENTION. The responses to these instructions are described in steps 7 through 14 below.

7. Enter the "PROGRAM OPERATION CODE":

   The Program Operation Codes are:
   B = BAM select backup
   D = Direct backup

   Press B and press RETURN .

8. Enter "DESTINATION DISK NAME":

   This is your new backup disk. Enter any name you choose and press RETURN.

9. Enter "DISK ID NUMBER":

   Enter a 2-digit disk ID number and press RETURN.
   Example: B1

10. A flashing message will read "INSERT DESTINATION DISK INTO DRIVE".

Insert your destination disk and press any key on your keyboard. If you are using the "TWO" backup program, insert your disk in drive 9. This disk will be formatted and all previous information will be erased.

11. A flashing message will read "INSERT SOURCE DISK INTO DRIVE".

    The source disk is the disk you are copying. Insert your source disk and press any key on your keyboard. If you are using the "TWO" backup program, insert your source disk in drive 8.

12. A flashing message will read "VERIFY SOURCE DISK FOR BACKUP".

    Check the box on your screen labelled DISK to verify that you have inserted the correct disks. Then press any key on your keyboard. The box labelled EXECUTING will display the message "READING DATA INTO BUFFER". (The buffer is your computer storage area.)

If you are using two disk drives, steps 13 and 14 will be performed automatically. Move to step 15.

13. When the buffer is full, the box labelled OPERATOR INTERVENTION will flash the message "INSERT DESTINATION DISK INTO DRIVE".

    Insert your destination disk and press any key. The box labelled EXECUTING will display the message "WRITING DATA FROM BUFFER".

14. When the buffer is empty, the box labelled OPERATOR INTERVENTION will flash the message "INSERT SOURCE DISK INTO DRIVE".

Insert your source disk and press any key. You will return to step 13. The computer will loop between steps 13 and 14 until all of the information stored on your source disk has been copied to your destination disk. Depending on the size of the files on your source data disk, you may have to repeat steps 13 and 14 several times.

15. When the backup process is complete, the box labelled EXECUTING will display the message "BACKUP FINISHED".

    The OPERATOR INTERVENTION box will display the message "REMOVE DESTINATION DISK FROM DRIVE". Do so. This is your backup disk.

16. TURN OFF YOUR COMPUTER. This step is mandatory for the backup process to be complete.

9
Troubleshooting

PROBLEM	REMEDY
PROGRAM WILL NOT LOAD	1. Check computer hook up. 2. Turn off disk drive and computer and try again. 3. Check to see if program is present. 4. Make sure PROGRAM DISK, not data disk, is in disk drive.
DEVICE NOT PRESENT ERROR	Check hookup and power supply for all devices.
READ OR WRITE ERROR or DATA WILL NOT SAVE	1. Insert correct data disk into disk drive. 2. Replace data disk with previous backup. 3. Remove write protection from data disk. 4. Use a better quality disk for data.
PROGRAM WILL NOT ADVANCE PAST PASSWORD	Use correct password, or create a Taxpayer File.
SYSTEM FROZEN, SCREEN BLANKS OUT, or PROGRAM LOST (due to power fluctuations)	Restart all devices and reload the program.
PROGRAM WILL NOT ACCEPT DATA ENTRY	1. Be sure to press **RETURN** after entry. 2. Check with an accountant to see that your entry is legal for the current tax year.

OTHER PROBLEMS

Consult the following Pre-Call Checklist before calling Timeworks' Customer Support Help Line:
(312) 948-9200
(800) 323-9755

PRE-CALL CHECKLIST

Before You Call . . .

1. Have you investigated your manual thoroughly (Troubleshooting and the Index) for the answer to your question?

2. Has the problem ever appeared before? What procedure did you use to produce the problem, and can you reproduce the situation repeatedly? Have you tried reproducing the problem with other hardware than your own?

3. Are you using any additional equipment with your system, such as a keypad, modem, or fast loading devices? If so, disconnect the additional hardware and try to repeat the problem. If not, did you change your hardware or software configurations before you first experienced the problem?

4. If the problem is related to printing, have you checked your printer manual or contacted your printer manufacturer for the answer? Have you read your interface manual or contacted your interface manufacturer?

5. Have you returned your Registration Card to Timeworks?

If You Call . . .

1. Which Timeworks product are you calling about, and what is the version number? (For example, WORD WRITER version 10.1.) You will find the version number on a white tag on the back of your program disk.

2. What operating system are you using? (For example, IBM PC with DOS 2.1, APPLE IIe, Commodore 64.)

3. Have your user's manuals with you when you call, and keep your manual and any other pertinent materials by the phone in case we need to call you back.

4. To save valuable time, state your problem or question as *concisely* as possible.

10
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